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SENATE BILL 1548 By
Gilbert

HOUSE BILL 1033
By Ritchie

AN ACT to amend Tennessee Code Annotated, Title 66, Chapter 5, Part 2, relative to real estate transactions.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 66, Chapter 5, Part 2, is amended by adding Sections 2 through 6 as appropriately designated sections thereto.

SECTION 2. (a) In every sale of residential real estate which is purchased by the buyer new from the builder, whether or not the builder utilizes the services of any agent in such advertisement or sale of such residential real property, such is a four (4) year implied warranty of good workmanship and materials extended to the buyer from the builder if the written sales contract is silent regarding such four (4) year implied warranty.

(b) Builder/vendors and purchasers shall be free to contract in writing for a warranty in different terms and conditions or to expressly disclaim any warranty in writing.

(c) If such four (4) year implied warranty is not disclaimed or modified in the sales contract at the time of execution of the sales contract, any and all further express written warranties presented to, acknowledged by or agreed to by the buyer up and until title passes are null and void unless the buyer signs a written document which expressly sets out the terms upon which the buyer is waiving or modifying the terms of such four (4) year implied warranty.

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SECTION 3. With respect to the four (4) year implied warranty extended to a buyer of a new residential property from the builder/vendor, prior to the prospective buyer being presented with a sales contract to sign, builder/vendor or an agent of the buyer/vendor shall present to the prospective buyer a written disclosure of such four (4) year implied warranty informing the prospective buyer that the prospective buyer has, by statute, been extended such implied warranty.

SECTION 4. With respect to the four (4) year implied warranty, the four (4) year period for which to bring an action shall begin to run on the date that title passes to the buyer. However, if the breach of the implied warranty shall be discovered after the third year that title passed and before the fourth year after title passed, the buyer shall have an additional year to bring the action for breach of the implied warranty, but in no circumstances shall any action for breach of the four (4) year implied warranty be brought after five (5) years of title passing to the buyer from the builder/vendor.

SECTION 5. If a breach of the implied warranty is discovered more than four (4) years after title passing from the builder/vendor to the buyer, and if the breach of the four (4) year implied warranty is caused by settling, this section does not prevent an action being filed under Tennessee Code Annotated, Section, 28-3-202.

SECTION 6. This act shall take effect upon becoming a law, the public welfare requiring it.